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Bering Strait
Comprehensive Economic Development
Strategy (CEDS)
FY05 (7/1/04-6/30/05)
Annual Report

Bering Strait Development Council

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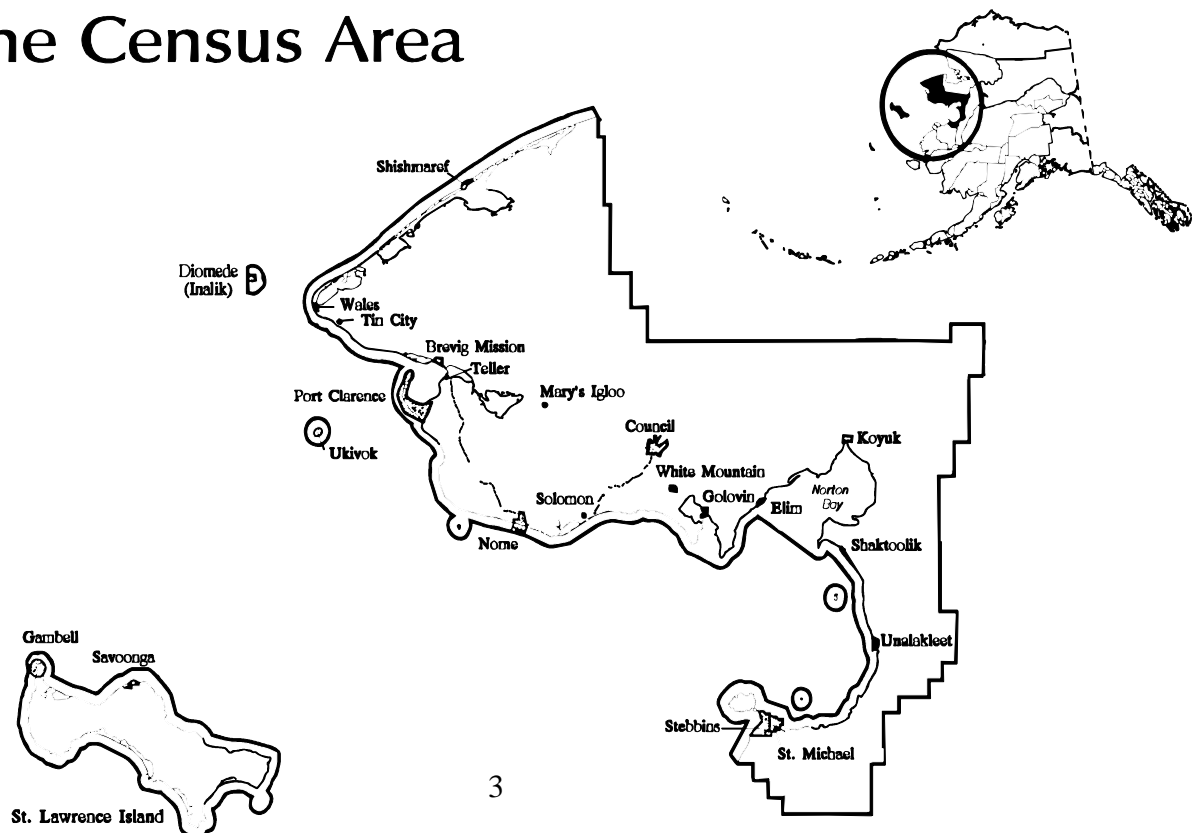
I. INTRODUCTION

This document is the first annual report summarizing progress made since the adoption, approval and implementation of the 2003-2008 Bering Strait Comprehensive Economic Development Strategy (CEDS). The goals in the 2003-2008 strategic plan focus on infrastructure, workforce, and business development, quality of life, and natural resources. This report includes the accomplishments and activities performed between July 1, 2004 and June 30, 2005.

Kawerak's Bering Strait Alaska Regional Development Organization (ARDOR) was formed on January 15, 1997 with representation from various economic sectors of the local economy, including fisheries, mining, transportation, finance, tourism, housing and health services, to address the Region's economic concerns. The Bering Strait Development Council (BSDC) serves as the ARDOR committee, who is responsible for maintaining and supervising implementation of the CEDS. BSDC has also been designated as the area's United States Department of Agriculture Resource Conservation and Development (RC&D) District Board.

The BSDC and Kawerak staff completed the CEDS in July of 2003 with planning grant assistance funds from the Economic Development Administration (EDA) and an annual ARDOR program grant from the Department of Commerce, Community and Economic Development (DCCED). The CEDS was officially approved March 31, 2004. The CEDS is an economic analysis and implementation plan for the Bering Strait region, which is also referred to as the Nome Census Area. Twenty federally recognized tribes reside in the region that includes Nome and 15 other communities, all served by Kawerak. The CEDS also serves as the Regional Economic Development Strategy (REDS) as required by the state's ARDOR program.

Nome Census Area



II. REGIONAL ECONOMIC OVERVIEW

Regional Economy

The Bering Strait region continues to be a mixed cash and subsistence-based economy. A mixed economy of subsistence, combined with cash-based employment, is common within Alaska's rural and coastal communities. Inaccessible by road, all but subsistence goods are transported into the region by either airplane during the winter, or barge during the summer, resulting in high freight costs and a higher cost of living. Subsistence hunting, fishing, and gathering help supplement the high price of groceries. This augmentation of prices, in addition to strong cultural traditions are the two main factors that continue to sustain the subsistence lifestyle.

Nome is the supply, service, and transportation center of the Bering Strait Region. Approximately 40% of employment in Nome is funded by local, state, and federal government agencies. Retail and transportation services also provide year-round income. Construction, mining, commercial fishing, and tourism provide seasonal employment.

The end of the annual Iditarod Dog Sled Race draws spectators to Nome during the month of March as well as many other activities and events. Summer sees birders from all over the world come to the region because the tundra and Bering Sea coastline are prime breeding grounds for rare birds. Various entities, including Nome Visitor's Center are working to revitalize the region's historical sites and enhance bird watching and other potential tourist opportunities. Several cruise ships of 100 or more passengers each are expected to dock this summer.

The Bering Strait School District (BSSD), and Norton Sound Health Corporation are the major employers in the region. BSSD, with the majority of job opportunities in any given village, has approximately 569 full and part-time employees, while NSHC has 428 employees both within Nome and in the surrounding smaller communities. Kawerak Incorporated is the third largest employer with 217 regular employees.

Limited employment opportunities are available in the villages with the IRA or Traditional Councils, Village Corporation, City, village store, or other small private enterprises. Nevertheless, unemployment continues to be high in the villages, sometimes as high as 75%.

Changes in the Regional Economy

The region's population increased by 207 people (.05%) between 2000 and 2004. The population in the hub city of Nome declined in this same period by 32 people (-.2%). The unemployment rate for the district increased minutely from 13.2% in February 2004 to 13.9% in February 2005. This figure is much higher when taking into consideration the population eligible to work and not considered "officially unemployed". The unemployment rate for Alaska in this same month was 8.4%.

Gold mining and commercial fisheries historically generated many jobs and revenue for the Bering Straits Region, although employment in these industries was primarily seasonal. Limited employment still exists in these sectors, however the opportunities in each industry have declined. Commercial fisheries prices continue to be low, as well as salmon returns throughout

Western Alaska. Crab and halibut fisheries supply some employment in the Norton Sound. In 2003, local fishermen earned \$828,498, which is only 1/10 of a percentage point of Alaska's total harvest value. Earnings in 2004 were higher due to a slight rebound in salmon prices and improved volume.

Fewer tourists are financially able to visit bush Alaska. The costs of tourism operations allows for only those adventurous and well healed to venture to the Seward Peninsula and Bering Straits area. Wages, accommodations, 9/11 and jet fuel prices all contribute to the costs to the tourists. The tourism industry is making a slight come back in the form of cruise ships.

Without a year round basic industry, the region continues to struggle with high unemployment rates, lack of job opportunities, lack of properly trained professionals in the construction, technology or other highly skilled trades, and a high cost of living. However, the planned development of the Rock Creek Gold Mine is projected to create over 100 jobs within the next couple of years.

III. ADJUSTMENTS MADE TO THE CEDS

1. Structural Changes to the Committee

The BSDC serves as the committee for the ARDOR and the Bering Strait RC&D District Board. The CEDS meets the requirements for a Resource Conservation and Development Area Plan as per the USDA-NRCS.

The Bering Strait Development Council currently has **16 seats** with the following representation:

Transportation	Mining	Finance/Banking
Tourism	Housing	Health
Fisheries	Kawerak Board	City of Nome
South-central sub-regional villages	southeast sub-regional villages	Northern sub-regional villages
Nome sub-region	St. Lawrence Island	Workforce Development *
Bering Straits Native Corporation *		

* Denotes new seats added in September 2004.

2. Operational Changes in the Committee

With the designation as an RC&D Area, the BSDC received additional support from the RC&D Intern Coordinator, who started in May of 2003.

Funding for the Bering Strait Development Council is an ongoing issue. The State's Department of Community and Economic Development awarded each Tier III ARDOR \$61,284.00 for FY04 and the same for FY05 which was an increase over 2003. However, FY06 funds will be decreased to \$57,771. The Council continues to investigate additional venues and resources for future funding to operate more effectively.

Per the 2004 work plan, BSDC had four face-to-face meetings. BSDC has already met three times in 2005.

IV. 2004-2005 ACTIVITIES AND ACCOMPLISHMENTS

The goals in the 2003-2008 strategic plan focus on infrastructure, workforce, business development, quality of life and natural resources. Investments and improvements in these areas will help increase economic productivity and competition, increase job opportunities and increase earnings among residents, and help reduce cost of living expenses. The following are accomplishments and the activities performed between July 1, 2004 and June 30, 2005 to achieve these goals.

1. Infrastructure Development

Local Economic Development Planning Program

Kawerak CPD staff assisted 14 of 20 tribes in the region in completing their 5-year Local Economic Development Plans (LEDP). The prioritized community and economic development projects and associated development strategies contained in these plan updates will satisfy the Denali Commission's project funding requirements. All completed LEDPs and the 2003-2008 CEDS are published on Kawerak's website. LEDP's were updated for the following villages:

	VILLAGE	DATE COMPLETED
1	Shaktoolik	Jan 1, 2004
2	White Mountain	Jan 1, 2004
3	Council	Jan 9, 2004
4	Elim	Feb 19, 2004
5	Wales	Mar 18, 2004
6	Nome	Apr 12, 2004
7	St. Michael	Apr 22, 2004
8	Stebbins	Apr 29, 2004
9	Koyuk	May 12, 2004
10	Teller	June 30, 2005
11	Diomedes	June 30, 2005
12	Solomon	June 30, 2005
13	King Island	June 30, 2005
14	Shishmaref	April 15, 2005

Grant Writing Program

In the time period, ten villages received grant writer funds from the Kawerak Grant Writing Program to submit grants for community infrastructure and economic development projects listed in their individual LEDP. Fourteen grant proposals were funded, twelve grants were denied, and nine grants are still being considered.

Kawerak CPD staff coordinated the Annual Grant Writer's Symposium held on October 4-8, 2004. Workshops included presentations and one-on-one assistance from DCCED staff on Community Development Block Grant opportunities, business planning for facilities, and strategic grantsmanship. There were 21 attendees from Nome and the surrounding communities.

Multi-Purpose and Other Facilities

The EDA funded multi-purpose facilities were completed in Golovin, King Island, Stebbins, Wales, Unalakleet and White Mountain. Business plans for Golovin, King Island, Savoonga and White Mountain facilities are complete. Kawerak CPD staff provides ongoing business assistance to all EDA funded facilities.

The Savoonga facility is currently in progress. The old Bureau of Indian Affairs (BIA) school in Solomon is being remodeled into a Bed & Breakfast, and is scheduled for completion in the Fall of 2005. Head Start buildings were completed in Brevig Mission, Elim, Gambell, and Teller.

Clinics

Koyuk, Golovin and White Mountain health clinics were completed in the time period. The new clinic in Teller will begin construction in the summer of 2005.

Housing

Kawerak's Housing Improvement Program developed (designed and constructed) six housing units in the Villages of Koyuk, Stebbins, Wales, and Nome. Two units were completed in the summer of 2004, two units are currently in progress, and two will begin construction in the summer of 2006.

Transportation

Projects scheduled for summer 2005 include construction of the Solomon Trail that will enhance the amenities provided by the new Bed & Breakfast. The Dust Control Research project at Nuuk and Solomon will help improve the health aspects of traveling the Nome-Council Road during the summer. The Fort Davis Road Rehabilitation Project (five miles east of Nome) is scheduled for the summer as well.

Mapping for Community and Economic Development

The Bering Strait Community Profile Mapping Project was implemented in July 2004. The purpose was to update land use development on existing maps. Funds were made available from an Accelerated Infrastructure Development Grant via the Denali Commission for a shared project cost of \$218,785. Kawerak matched \$100,000 and sought out additional mapping partners and solicited another \$170,000 in matching funds from the Bering Strait Regional Housing Authority, Norton Sound Health Corporation, Alaska Native Tribal Health Consortium, Bering

Strait Native Corporation and Alaska Village Electric Cooperative. Current project status is thirteen of fifteen villages have draft maps. Community review of map data continues.

2. Workforce Development

Annual Regional Conference

The annual Kawerak Regional Conference was held February 21-24, 2005. The theme was *Strengthening Tribal Government*. The three conference tracks included Economic Development, Tribal Development, and Wellness. Tribal and economic development workshops included grant funding programs, small business financing and development, marketing techniques for local artists, mapping for resource development, collaboration between tribe, city, and corporation, and financial training. The wellness track included building healthy communities, planning skills, healthy transitions, traditional healers, and the connection between education, health and demographics. A total of 300 people participated.

3. Business Development

Business Planning and Development

A total of 50 business plan packets were distributed and two clients received financial assistance to pay for business licenses from the state. Four business plans are in draft form. There are 13 clients who receive assistance from Kawerak CPD staff on an ongoing basis.

Business Training and Workshops

Three workshops were held. Two workshops concerning Arts & Crafts marketing and recruitment for the Bering Strait Inuit Cooperative were held at Nome Beltz High School. A workshop regarding small business development was held in White Mountain. A total of 30 participants attended the combined three workshops. Three business plans were written in White Mountain as a result of the workshop.

A marketing class for arts and crafts was also held in partnership with the University of Alaska Fairbanks, Northwest Campus. Seven students attended.

Six clients received tuition assistance from Kawerak's CPD Department's Tuition Assistance Program for business related classes at University of Alaska Fairbanks Northwest Campus.

Business Center Start-up

Kawerak E-Commerce Center

Kawerak received a grant through the Anchorage Economic Development Corporation (AEDC), an Anchorage ARDOR, for setting up an E-commerce center. Kawerak CPD staff will operate the center and provide assistance to the region's artists and small business entrepreneurs for marketing and selling their work, building portfolios and developing web pages. Technical assistance will also be provided to those individuals wishing to pursue a business idea. AEDC also provided training and system hardware.

Rural Small Business Development Center

Kawerak is partnering with the Nome Chamber of Commerce and UAF Northwest Campus in pursuing funding for a rural small business development center. The goal is for business clients in the region to have a one-stop shop for business needs. Regional entities in Barrow, Bethel, Kotzebue, and Dillingham have been contacted for a possible group effort.

Bering Strait Inuit Cooperative

A planning group is currently reorganizing the Bering Strait Inuit Cooperative (BSIC). Elections were held in May and a new, 8-member Board of Directors has been established. The BSIC is a group of artists and craft persons in the Bering Strait region of Alaska whose goal is to help each other produce, promote, and protect the uniqueness of their Native arts and crafts. Recent recruitment efforts by Kawerak CPD staff have resulted in approximately 86 memberships.

The CPD Business Development Specialist is assisting regional artists with professional development through portfolio creation and connecting them with their market. Seven artists began work on developing their portfolios; five have draft portfolios, and one is complete. Twelve artists were assisted in submitting Silverhand applications (a certification program that authenticates native art).

Tourism Development

Kawerak CPD is partnering with the City of Nome and the Department of Commerce, Community and Economic Development (DCCED) on an 18-month technical assistance and training plan regarding strategies for developing eco-tourism, native art, and port marketing. A Tourism Stakeholders meeting was held in December 2004 to help develop strategies. A radio spot on the meeting aired on KNOM. Future workshops are planned for the Fall of 2005. Surveys were sent to all 20 tribes in May to assess local interest in tourism, tourism potential, and the resources available.

4. Quality of Life

Wellness Gatherings

Kawerak's Wellness Program sponsored the Sub-regional "Wellness from Within" gatherings held in January and February, 2005 in the communities of Shishmaref, White Mountain, Savoonga, and Unalakleet.

2005 Regional Conference

At the February 2005 Kawerak Biennial Regional Conference, the Wellness track offered discussions on such topics as village based counseling, healthy living and transitions, traditional healing, and the connection between education, health, economics, and demographics.

Bering Strait Native Education Summit

The Kawerak Eskimo Heritage Program sponsored the Bering Strait Inupiaq and Yupik Native Education Summit held in Nome on April 25 and 26.

5. Natural Resources

There are 12 community-based Tribal Environmental Programs funded through US Environmental Protection Agency Indian General Assistance Programs in the Bering Strait Region and two community-based Bureau of Indian Affairs Water Quality Programs. Kawerak's CPD program and Norton Sound Health Corporation Office of Environmental Health provided the technical assistance to obtain these grants funds.

A Regional Environmental Conference was held in Nome, September 22, 23, 24, 2004. US EPA, State DEC, Kawerak Walrus Commission & Fisheries, Kawerak Subsistence assisted in the provision of a regional forum to address environmental health issues and strategic planning sessions. Approximately 131 participants were in attendance at this conference.

The Bering Strait Development Council and Kawerak have been designated as the USDA Resource Conservation & Development organizations for the Bering Strait Region. Several Natural Resources projects are underway. Kawerak's Natural Resources Fisheries Program manages a number of enumeration projects on four rivers in the region and has collected data for biological health and timing in the Rivers of Pilgrim, Eldorado, Snake and Pikhiklik.

A Salmon Enhancement Summit was held in Nome in November 2004. Area experts and local residents discussed enhancements and identified priority rivers and projects within our region.

The Kawerak Fisheries Department continues to participate in the state and federal management process to ensure the continued health and viability of fish resources for commercial and subsistence users. The department advocates on behalf of subsistence fish users and collects data from the region's rivers to improve resource management, and assist in restoration of salmon stock.

A Bering Straits Native Corporation Land Manager's Regional meeting was held in Nome April 6-7, 2005. Other representing agencies were the Bureau of Land Management, DCCED, Division of Community Advocacy, USDA-Rural Development and Kawerak. Approximately 30 representatives from municipal and village corporations also attended. It is greatly anticipated that the Bering Strait region may be the first region in the State to complete all conveyance requirements.

V. CONTINUING DEVELOPMENT ACTIVITIES

Kawerak's CPD program and the Bering Strait Development Council continue to perform the following activities on an ongoing basis:

- Track changes to the regional economy
- Develop implementation strategies for the CEDS

- Conduct planning work sessions and public meetings in Bering Strait communities to update their Local Economic Development Plans.
- Conduct quarterly BSDC/ARDOR Board meetings to review progress of planning and implementation of CEDS projects, update activities and work plans, and make appropriate changes to the CEDS.
- Inventory projects funded by EDA that contribute to economic development in the region. Provide assistance to communities on submitting their applications to EDA for financial support to develop and construct multi-purpose buildings and other infrastructure projects.
- Provide outreach and assistance to potential entrepreneurs, hold workshops, and perform feasibility analysis for business plans. Facilitate business-training workshops for entrepreneurs including village store managers.
- Coordinate efforts to improve markets and locate new market opportunities for regional entrepreneurs and artists.
- Coordinate with state and federal agencies, and with the private sector to develop marketing strategies for expanding the arts and crafts industry through Internet based marketing. Kawerak's recent completion of a Wide Area Network (WAN) project has connected all of the villages' schools, clinics and government offices to the Internet.
- Work with the faculty at Northwest Campus, University of Alaska, and Kawerak's Education, Employment and Training Division to develop educational programs that will help increase job skills, encourage new entrepreneurship, and promote economic development.
- BSDC members have been very active with meetings and projects, including business, tourism and port development, community mapping, and training in various areas of development.
- Kawerak's CPD Program responds to requests for various infrastructure projects on an ongoing basis; works with the state EDA office and other public agencies to help communities secure funding.
- Kawerak's CPD Program continues to assist with business planning for the new Multi-Purpose Community Buildings in the region.
- Kawerak's Educational and Employment Training Division continues coordinating the Carpentry Apprenticeship Training Program.
- One of the on-going missions of the Kawerak Eskimo Heritage Program is the preservation of traditional lifestyles.

VI. UPCOMING OPPORTUNITIES IN THE REGION

The Bering Strait Development Council is currently monitoring the following projects closely, as these projects have the potential to stimulate the local economy.

Port Improvements

Construction continues on the \$39 million deep-water port in the City of Nome. The regional facility will have improved boat moorage and offloading facilities. New port amenities will have the potential to attract more cruise ship stops to the area. The Nome Chamber of Commerce is currently working on cruise ship package tours that would begin and end in Nome, including several stops in regional villages.

Rock Creek Gold Deposit

Rock Creek has the potential to be a large ore deposit, with an estimated 720,000 ounces of gold. The year-round mining operation will have a conventional open pit, an on-site mill, and a gravity/flotation/leach recovery system. Pre-operation engineering studies are currently concluding. The project boundaries will be 1,000 acres, with the plant site taking up 22 acres and the pit taking up 96 acres.

The environment has been taken into consideration both during operations and once the operation is finished. The open pit will be a lake. Chemicals used in the mining operation will not be a problem after mine closure because of proper environmental mitigation practices. The areas surrounding the lake will be restored back to their natural state.

Alaska Gold has plans to mine the Big Hurrah mining site, 45 miles east of Nome. The gold estimate is for a smaller payload, but a much better grade. The lands surrounding the site belong to the Bering Straits Native Corporation and the Solomon Native Corporation. The company plans to negotiate with both corporations in order to explore the gold potential of lands surrounding the site.

After the Rock Creek Mine is established, there are plans to placer-mine the Monroeville area (across the Nome-Beltz Highway from Icy View) as well. A feasibility study will be performed.

Economic benefits to the community will be 120 year-round, full-time jobs with an \$8.5 million payroll. Staffing should begin in late 2005 or early 2006. A local-hire preference is in place. The bulk of the jobs are operating heavy equipment and driving trucks. Experience is not mandatory but good to have. The main requirement is a willingness to learn.

The completion of the \$39 million Nome Port project puts Nome in a good position to export the gravel output from the mine to locations around the world. The gravel output is a huge, untapped resource.

Additional housing will be required for people from the region who move to Nome for mining employment. It is currently difficult to find housing.

The impacts of these activities have the potential to improve the regional economy. In the meantime, the Bering Strait School District, Norton Sound Health Corporation and Kawerak Inc. continue to provide substantial employment opportunities in the region.

VII. FREQUENTLY USED ACRONYMS

AEDC	Anchorage Economic Development Corporation
ARDOR	Alaska Regional Development Organization
BIA	Bureau of Indian Affairs
BSDC	Bering Strait Development Council
BSSD	Bering Straits School District
CEDS	Comprehensive Economic Development Strategy
CPD	Community Planning & Development
DCCED	Department of Commerce, Community & Economic Development
EDA	Economic Development Administration
LEDP	Local Economic Development Plan
RC&D	Resource Conservation and Development
REDS	Regional Economic Development Strategy